

# Outline of the Oil Stockpiling System in Japan



**Japan Oil, Gas and Metals National Corporation  
(JOGMEC)**

## An Overview of the Stockpiling System in Japan

### Petroleum Stockpiling Law of 1975

The law requires oil companies, oil or LP Gas (LPG) importers and the government to build stockpiles of petroleum and LPG.

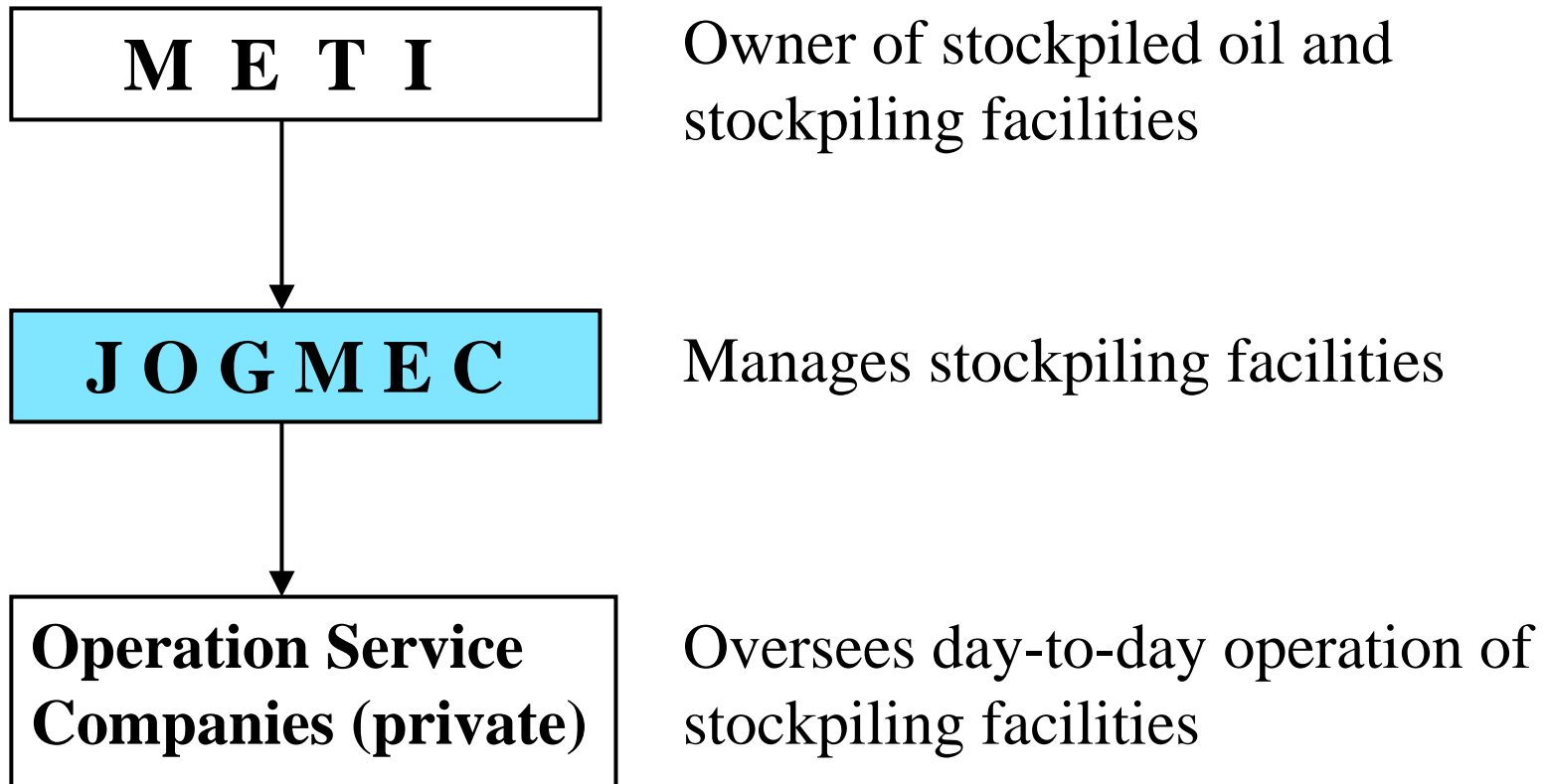
Private-sector stockpiling

Government stockpiling

Tanks leased from private companies

National stockpiling bases

## Management of National Stockpiling Bases



## The Government Stockpile

### Stockpile only for use in emergencies

The government's stockpiled oil will not be used for the purpose of regulating the oil price in the oil market.

### Stored in the form of crude oil

Crude oil is relatively stable and does not deteriorate in quality.

## Present Levels of Oil Stockpiles

Private-sector	42 million kl 80-day consumption level (*)
----------------	---

(\*) Legal requirement is a 70-day consumption level.

Government	48 million kl 92-day consumption level
------------	---

<b>TOTAL</b>	<b>90 million kl</b> <b>172-day consumption level (**)</b>
--------------	---

(\*\*) This is equal to a 116-day import level if calculated using the IEA's method of calculation.

## Present Levels of LPG Stockpiles

Private-sector

2.5 million tons

67-day import level (\*)

(\*) Legal requirement is a 50-day import level.

Government

None

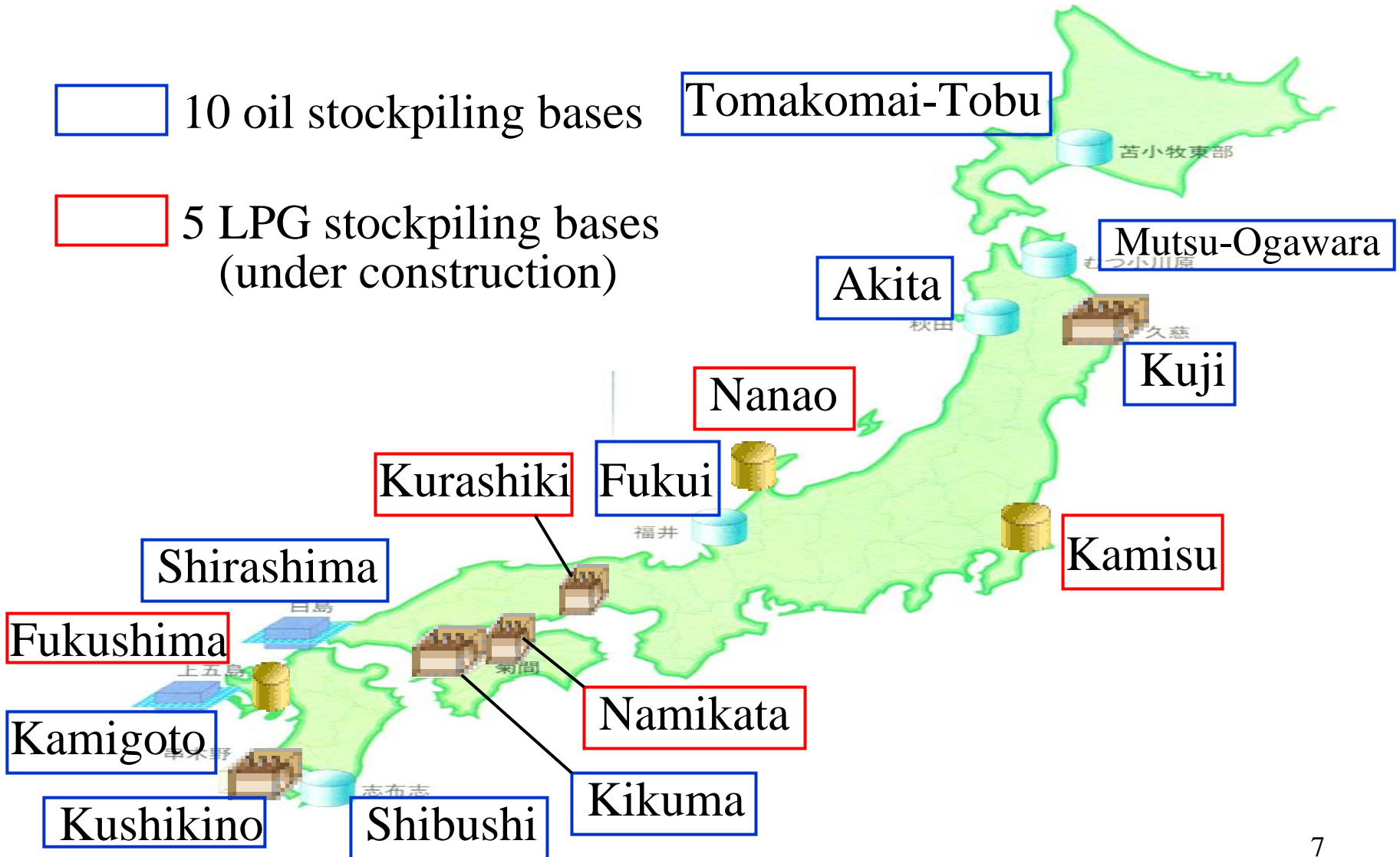
The government plans to create a 1.5 million ton stockpile of LPG by 2010.

5 national stockpile bases are currently under construction.

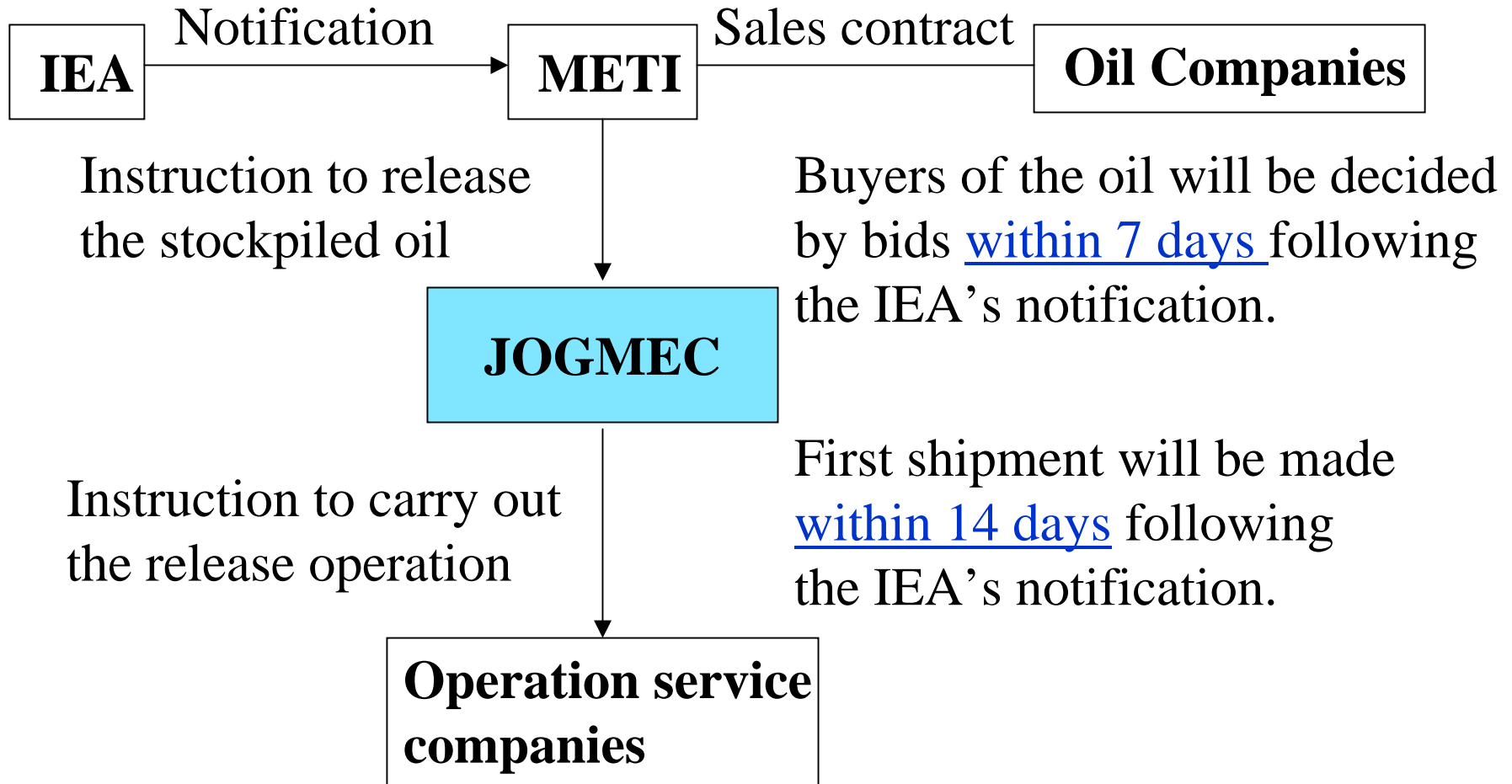
## Location of National Stockpiling Bases

 10 oil stockpiling bases

 5 LPG stockpiling bases  
(under construction)



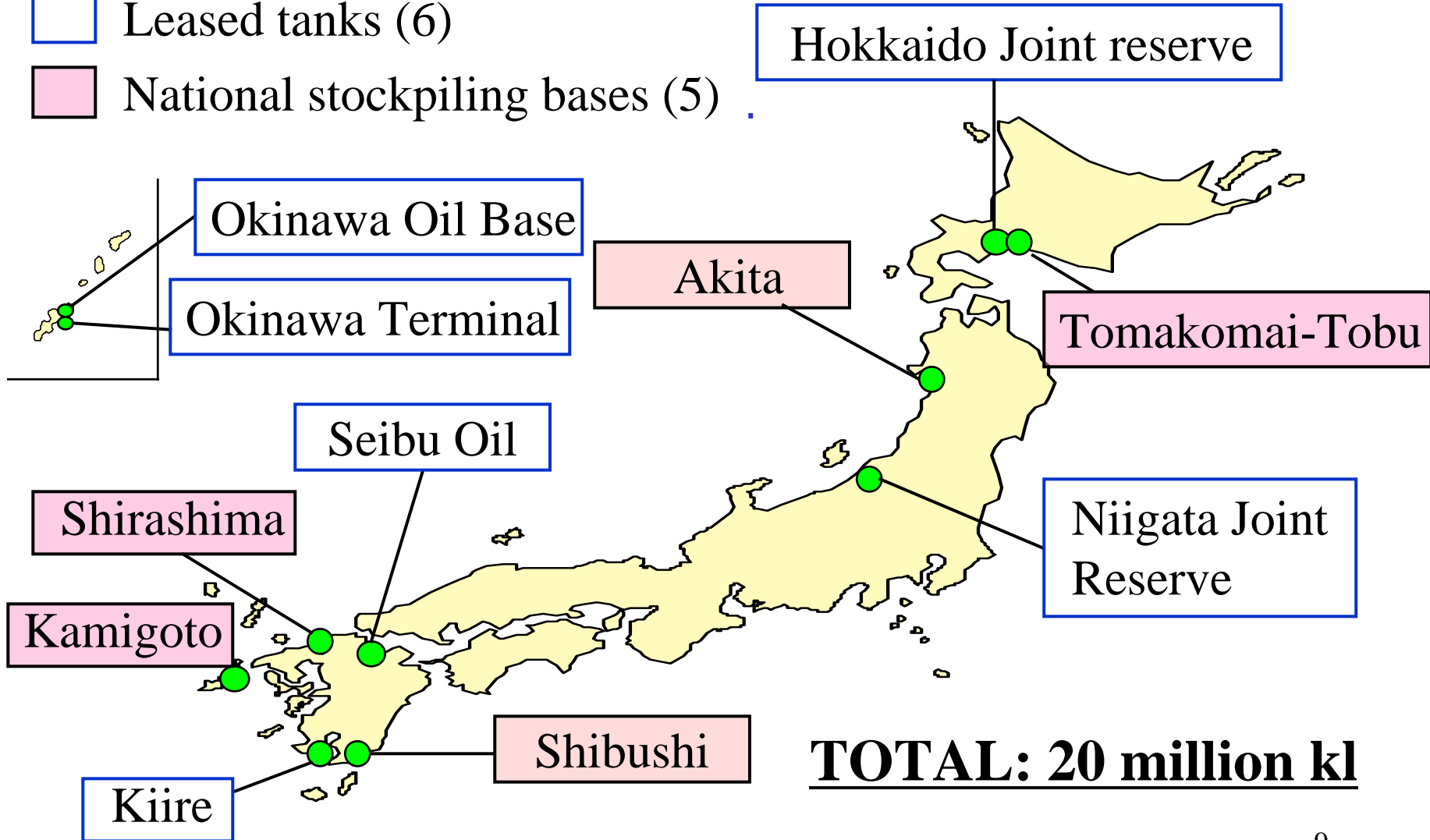
## Emergency Oil Release Mechanism



## Location of Government Bases for CERM

Leased tanks (6)

National stockpiling bases (5)



## Training Programs for National Stockpiling Bases

Exercises in oil release operations (every two years)

Exercises in fire fighting and operations to recover oil spills in training centers abroad (every year)

Participation in disaster prevention exercises held by local governments (every one to three years)

Holding workshops to provide opportunities to workers in national stockpiling bases to present their ideas on improving the performance of daily operations (every year)

## Replacement of Government Oil Stocks

### Purpose

To adjust grades of stockpiled oil to meet the actual demand of the Japanese market

### Replacement plan

1. The plan for reducing high sulfur crude oil started in 1998
2. The plan for increasing light crude oil started in 2001

### Method

Competitive bidding among oil companies

### Result up to this time

Replaced oil: high sulfur crude	1.5 million kl
heavy crude	1.1 million kl